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TAGS: [PGOV](#) [PTER](#) [SP](#)

SUBJECT: ZAPATERO AND THE BASQUE PROBLEM: A HIGH STAKES
GAMBLE

Classified By: Political Counselor Kathy Fitzpatrick; reason 1.4 (D)

1. (C) Summary. In one of his most dramatic gestures since taking office last year, President Jose Luis Rodriguez Zapatero recently requested Parliamentary approval for direct government negotiations with the Basque terrorist group ETA, if ETA agrees to abandon the armed struggle. This was the latest measure in a two-pronged Zapatero strategy intended to demonstrate a clean break with Aznar's hard-line approach towards the Basque issue. The first element is aimed at ending ETA's 30-year terrorist campaign. The second element of the strategy is a political effort to hijack elements of the Basque nationalist platform in order to weaken mainstream Basque nationalist parties and increase the Socialists' strength in the region. Zapatero's Socialist (PSOE) government has offered to renegotiate the statute governing the Basque Region's relationship with the central government and opted not to challenge the participation in Basque elections of a small party acting on behalf of ETA front group Batasuna. Zapatero is motivated both by the prospect of potentially becoming the leader who finally succeeds in ending ETA violence and by his desire to isolate the opposition Popular Party (PP), the only party to oppose his peace overture to ETA, and to sideline the moderate Basque Nationalist Party (PNV). His concessionary approach towards both ETA and to legitimate Basque nationalist parties is a risky proposition, since even some members of Zapatero's cabinet are skeptical of any expansion of the Basque Region's powers and prefer a hard line approach to dealing with ETA. The PP and the "Association of Victims of Terrorism" have bitterly denounced Zapatero for extending an olive branch at a time when ETA has shown no signs of ending its violent course. A series of ETA attacks since Zapatero's peace offer could make opposition criticism resonate with a broader sector of the Spanish population and Zapatero's tolerant approach to the Basque issue in general represents a significant political vulnerability at the national level. End Summary.

//PEACE OVERTURES//

2. (C) Since taking office, Zapatero has extended his trademark emphasis on "dialogue" to the Basque issue. Early in his tenure, he met with Basque Region leader Juan Jose Ibarretxe, a clear break with former President Jose Maria Aznar's refusal to meet with Basque Government or PNV leaders and a symbolic gesture of Zapatero's willingness to negotiate. Zapatero took additional concrete measures in the first half of 2005 that gave substance to his peace initiative, including:

-- Acceptance of the participation of the "Communist Party of the Basque Lands," (EHAK) a suspected cover for ETA front-group Batasuna, in April 17 Basque regional elections. GOS officials insist that they did not have enough time or evidence to prevent EHAK's participation in the vote, but Batasuna's overt support for EHAK led many observers to speculate that the GOS could have disrupted EHAK, but chose not to in order to avoid alienating Basque nationalist voters.

-- On April 21, Zapatero won Parliamentary support for a GOS measure overturning Aznar-era legislation mandating jail terms for anyone who convoked an "illegal referendum," a law aimed at preventing the Basque Government from organizing a popular referendum ("Plan Ibarretxe") on whether to modify the Basque autonomy statutes. This was interpreted as a sign of GOS good will by the moderate PNV, but criticized by the PP and others as opening the door to demands for ever-greater regional independence from Madrid.

-- On May 17, Zapatero won the support of all parties except the PP for his proposal to engage in peace talks with ETA if ETA agreed to abandon the armed struggle. ETA victims groups and PP politicians suspect that secret GOS-ETA talks are already underway, an assertion vigorously denied by the Zapatero government. Talks with ETA would not be unusual; every Spanish administration since the democratic transition has made contact with the terrorist group. The difference in this case is that the major opposition party is against any discussions with ETA, placing greater pressure on the GOS to produce results.

3. (C) Zapatero holds in reserve additional incentives to draw ETA into negotiations, measures he has not yet deployed, including:

-- Releasing ETA prisoners who have served three-quarters of their prison sentences or who have health problems. This group would account for approximately 85 ETA inmates. (NOTE: The total number of ETA members in jail is 713, distributed as follows: Spain - 551; France - 153; Belgium - 2; UK - 1; Quebec - 1; Mexico - 5. END NOTE.)

-- Transfer all ETA prisoners to the Basque Region near their families rather than continuing the current practice of distributing them in prisons throughout Spain.

-- Release non-violent ETA prisoners (logistical support teams) with the understanding that they will leave Spain for other countries and not resume their pro-ETA activities.

-- Allowing ETA prisoners to take courses through the University of the Basque Country, course work which counts towards sentence reductions.

These additional steps would be highly unpopular outside of the Basque Region unless accompanied by reciprocal overtures from ETA. The sensitivity of this issue was highlighted by the firestorm touched off recently by a separate judicial decision confirming the impending release of ETA terrorist Ignacio de Juana Chaos after completing 18 years of a 30-year prison term for his role in 25 murders. Though the timing of the decision was curious, most observers do not believe this decision is connected to Zapatero's overtures to ETA. The GOS insisted that it would challenge Chaos' release and tighten oversight of ETA prisoners to ensure that they were not receiving undue sentence reductions.

//ETA VICTIMS REACT ANGRILY//

14. (C) Zapatero's strategy towards ETA has met with stiff resistance from both the PP and ETA victims organizations. These groups contend that Zapatero revitalized ETA just as the terrorist group was reeling from French and Spanish detentions of senior ETA leaders, including the arrest of the group's nominal leader, Mikel Antza, in October 2004. The most visible rejection of Zapatero's Basque policy was a June 4 mass demonstration organized by the "Association of Victims of Terrorism" (AVT) and attended by the PP leadership, including former President Aznar. Socialist representatives pointedly refused to take part in the March, though Zapatero subsequently agreed to meet with victims rights organizations to hear their views. Though the PP continues to lose ground to the PSOE on social issues, its opposition to Zapatero's Basque policy sets the stage for the PP to take advantage should Zapatero's approach fail to draw ETA into productive negotiations.

//ETA RESPONDS TO ZAPATERO WITH SHOW OF FORCE//

15. (C) ETA has not made it easy for Zapatero. On June 16, ETA released a statement through the Basque daily "Gara" attacking the Zapatero government for continuing police activities against ETA (which ETA terms GOS "repression") and expressing confidence that the government's anti-terrorist policies and illegalization of ETA front group Batasuna had failed. The ETA statement, widely perceived as ETA's official response to Zapatero's various overtures, suggested that ETA was open to discussions, "dialogue, and negotiation," but made no mention of abandoning the armed struggle and demanded that negotiations lead to "self-determination for the Basque Region." Instead, ETA claimed responsibility for nine recent terrorist attacks, including four since Zapatero's offer to engage in peace talks. Though no people have been killed in these incidents, ETA's car bombing in Madrid and mortar attack against Zaragoza Airport could easily have resulted in casualties. Just as ominously, ETA-supported street violence ("kale barroka") is on the upswing after years of decline, with 138 attacks so far in 2005 compared to 86 attacks in the same period last year. Such shows of force are typical ETA maneuvers for demonstrating its military capacity in advance of discussions with the GOS, but they also vindicate those who strenuously oppose negotiations and favor an aggressive police/judicial solution to the ETA problem. Zapatero may be disappointed by ETA's response, but is probably not surprised since it fits a historical pattern. Some observers have even speculated that Zapatero was banking on ETA's violent response and believed it would further discredit the organization, but it seems unlikely Zapatero would consciously accept the risk of dramatic new attacks for so little gain.

//ZAPATERO SIDELINES DOMINANT BASQUE NATIONALIST PARTIES//

16. (C) Zapatero's moves take place against the backdrop of a rapidly shifting political landscape in the Basque Region. Prior to EHAK's assumption of the Batasuna platform during the March/April campaign for the Basque elections, the PNV appeared poised to win outright control of the Basque Parliament. The PNV portrayed the elections as a virtual

plebiscite on Basque government leader Juan Jose Ibarretxe's plan to hold a referendum on Basque autonomy in defiance of the central government's rejection of any such referendum. Ultimately, however, Zapatero succeeded in undermining nationalist passions by projecting a willingness to negotiate on the Basque Region's relationship with the national government. Worse yet for the PNV, EHAK's appearance split the nationalist vote and gave an option to radical nationalists who might otherwise have voted to support Ibarretxe's more moderate vision. PNV politicians are convinced Zapatero deliberately avoided action against EHAK in order to deny the PNV the radical nationalist vote and thereby prevent a PNV majority in the Basque Parliament.

17. (C) As the Basque Parliament prepares to elect a new "Lehendakari" (Basque Regional president) on June 22, the PNV's relative decline has become readily apparent. Opposition parties refused to endorse the PNV's choice for Parliamentary leader, forcing the PNV to select a new candidate. For the first time since the early 1990s, the PSOE is in a position to make a credible bid for leadership of the Basque government. In order to secure the Lehendakari's office, Ibarretxe and the PNV will have to bank on the support of radical EHAK parliamentarians, undermining the credibility of the PNV at the national level. The Basque PP, once the most powerful opposition force, is now in third place behind the PSOE. PSOE outreach to Basque nationalists and calls for dialogue have kept the PP on the defensive and forced the PP to assume positions that seem radical and distasteful to the Basque electorate. At the moment, the PSOE has the initiative in Basque politics.

//HIGH RISK, HIGH REWARD//

18. (C) Socialist contacts tell us that Zapatero has several motives for pursuing a high-profile peace effort in the Basque Region. First and foremost, Zapatero believes that ETA is weaker than at any point in its history and, despite bluster to the contrary, can only negotiate from a weak position. PSOE sources acknowledge that political considerations are also important; Zapatero's moderate, inclusive tone has played well in the Basque Region, strengthening the regional PSOE while isolating the hard-line PP from other political groups. Zapatero is also driven by the possibility that he could become the Spanish leader who finally brings an end to ETA violence, an elusive, historic achievement that would strengthen his hand on other issues and cement his political legacy.

19. (C) While final victory over ETA is a tantalizing prospect, Zapatero's current strategy carries significant risks. His calculation seems to be that Spanish voters are tired of ETA violence and are not particular about how peace is achieved. This may be accurate at the moment, but if ETA resumes killings the public mood would likely harden and shift the advantage to those who had advocated a tougher line against ETA. Some observers believe ETA is playing for time and will essentially blackmail Zapatero before the 2008 national elections, threatening violent actions that would discredit and embarrass Zapatero unless he offered political/legal concessions to ETA. One journalist who has covered ETA for two decades told us recently that ETA and radical Basque nationalists feel strengthened and have no interest in serious peace talks. He suggested that ETA's political front groups are focused on Basque Region municipal elections in 2007, when they believe they can achieve de facto control of broad regions of the Basque country and nullify Madrid's efforts to illegalize Batasuna and other ETA front organizations. This would prove a major setback for Zapatero, given the widespread antipathy throughout Spain (outside of the Basque Region and Catalonia) towards Basque nationalist aspirations.

10. (C) It is at the national level that Zapatero is assuming the greatest risk in adopting a conciliatory stance towards ETA and towards moderate Basque efforts to achieve broader autonomy. Even other PSOE leaders, such as Defense Minister Jose Bono, favor a centralist model and have little patience for negotiating additional rights for a region they already see as enjoying unusual privileges. The corollary to this centralist bent is intense skepticism of any approach towards ETA that does not emphasize police action against the group. While Zapatero has accumulated significant political capital in his first year in office, enabling him to extend an olive branch to ETA, his credibility would be seriously damaged by a botched attempt to win a peace deal with the group. If he opts to make additional overtures to ETA, such as those in para 3, the political risks will increase. Likewise, any revelation that the GOS has engaged in secret talks with ETA while ETA continued its bombing campaign, would be damaging to Zapatero unless those talks resulted in clear ETA concessions. Despite their overall confidence, Zapatero and his advisers are aware of the political risks they are incurring and are likely to balance optimism and offers of dialogue with high profile arrests and denunciations of ETA violence. That may not be enough to protect Zapatero from a

backlash at a national level if ETA resumes killings.

MANZANARES